

# Delaware Part Of Proposed Environmental And Consumer Protection Penalty Settlements With Fiat Chrysler And Auto Supplier Robert Bosch For Allegedly Undermining Auto Emissions Regulations And Harming Consumers By Adding Unlawful “Defeat Devices” To Diesel Vehicles

*Fiat Chrysler Required to Fix Vehicles, Provide Restitution and Address Environmental Harms; State Attorneys General Obtain \$72.5 Million in Nationwide Civil Penalties from Fiat Chrysler and Another \$98.7 Million from Bosch for its Role in Supplying and Programming the Software Used by Fiat Chrysler and Earlier Violator Volkswagen*

Attorney General Kathleen Jennings and Department of Natural Resources and Environmental Control Secretary Shawn Garvin today announced that Delaware has negotiated settlements in two matters: The first settlement, when finalized, will provide for hundreds of thousands of dollars in compensation for Delaware consumers who purchased or leased Fiat Chrysler vehicles allegedly containing illegal emissions defeat devices. The second will settle claims that as a supplier of auto components, parts maker Robert Bosch allegedly supplied

and helped program the illegal emissions “defeat device” software used by both Fiat Chrysler and by Volkswagen in their diesel vehicles.

“Fiat Chrysler betrayed the trust of its customers regarding the emissions of its vehicles and Bosch enabled Fiat Chrysler and Volkswagen to do so,” Attorney General Jennings said. “Consumers are being compensated through these and other settlements directly and the financial penalties being paid to the states serve as punishment and warning for companies not to engage in deceptive consumer practices.”

“With this settlement, we are holding these companies accountable for causing very real and detrimental impacts – vehicle emissions being a large part of our air quality problems,” said DNREC Secretary Shawn M. Garvin. “These settlement dollars will be used to invest in improvements in Delaware’s air quality.”

### ***Fiat Chrysler***

Following a nearly two-year investigation, Delaware and other states allege that Fiat Chrysler Automobiles N.V., its U.S. subsidiary FCA US, LLC, its Italian affiliate V.M. Motori S.p.A. and V.M. North America, Inc. (collectively, “Fiat Chrysler”) installed unlawful defeat device software and undisclosed Auxiliary Emissions Control Devices (“AECDs”) in 181 Model Year 2014-16 Jeep Grand Cherokee and Ram 1500 diesel vehicles that the automaker sold in Delaware. Delaware alleges that Fiat Chrysler cheated on federal and state emissions tests by calibrating the vehicles’ software to conceal that the vehicles emitted higher than permitted levels of harmful nitrogen oxides (NO<sub>x</sub>) in real-world driving conditions, and misled consumers by falsely claiming the “Eco-Diesel”-branded Jeep SUVs and Ram 1500 trucks were environmentally friendly and compliant with the law in all 50 states.

Delaware’s settlement will prohibit Fiat Chrysler from

engaging in future unfair or deceptive acts and practices in connection with its dealings with consumers, and require Fiat Chrysler to carry out its obligations under a series of related settlement agreements in the Multidistrict Litigation ("MDL Settlements") pending in the U.S. District Court for the Northern District of California. The MDL Settlements, once approved by the MDL court, will resolve claims brought by a national class of affected consumers, the United States Department of Justice and Environmental Protection Agency, and the California Air Resources Board and the State of California. The MDL Settlements require Fiat Chrysler to: eliminate the defeat device features from the relevant software through a software "flash fix"; provide eligible owners and lessors extended warranties; and, together with co-defendant Bosch, pay eligible owners who take their vehicle to an authorized dealer for the software repair an average restitution of approximately \$2,908 and lessees and former owners who do so restitution of \$990. They also require Fiat Chrysler to make available 200,000 upgraded catalytic converters to mitigate air pollution across the country when installed by Fiat Chrysler vehicle owners as replacements to their existing catalytic converters.

Fiat Chrysler will be required to pay Delaware more than \$250,000 in civil penalties, including more than \$140,000 under Delaware environmental laws for equipping, offering, selling and leasing the environmentally non-compliant vehicles, and more than \$110,000 under Delaware consumer protection laws for deceptively and unfairly marketing, selling and leasing the vehicles to consumers. Nationwide, excluding the separate penalties the company will be required to pay to the federal government and California, the multistate agreement is expected to result in civil penalties totaling \$72.5 million to 49 states, Puerto Rico, the District of Columbia and Guam.

If all owners and lessors nationwide participate, this will

result in total available restitution of approximately \$307 million, including approximately \$500,000 to the 181 affected owners and lessors in Delaware.

## ***Bosch***

Bosch is a multinational engineering company well known for its consumer products. It is also a major supplier to the global automotive industry. Among the products Bosch supplies to its auto manufacturing customers are the electronic control units (“ECUs”) that house the complex software that controls nearly all aspects of an engine’s performance, including emissions systems. When Volkswagen, a Bosch customer, was revealed to have systematically utilized defeat device software in its diesel vehicles, several states, including Delaware, commenced a separate investigation into the role played by Bosch in enabling its customers to potentially violate federal and state emissions regulations. Today, after another Bosch customer, Fiat Chrysler, has settled claims that it too employed illegal defeat devices, Delaware is able to announce the conclusion of that separate investigation into Bosch’s conduct.

Delaware alleges that Bosch facilitated the implementation of the defeat device software in more than 600,000 Volkswagen and Fiat Chrysler vehicles over a period that spanned more than a decade. Notwithstanding concerns about the illegality of the devices raised internally, to management, and externally, to Volkswagen and Fiat Chrysler, Delaware alleges that Bosch continued to assist these customers as they implemented the defeat devices and concealed their misconduct from regulators and the public.

Under the terms of the proposed settlement with Delaware, Bosch will pay Delaware more than \$340,000 to settle the State’s consumer and environmental claims. The agreement also includes precedent-setting injunctive terms and requires Bosch to maintain robust processes to monitor compliance and to

refuse to accommodate requests for software development and programming that could result in the installation of defeat device software.

Under a multistate agreement involving Delaware and 49 other jurisdictions—including Puerto Rico, the District of Columbia, Guam and all states other than California, Texas and West Virginia—Bosch will pay a total of \$98.7 million in civil penalties under the jurisdictions' consumer protection and environmental laws and make a separate \$5 million payment to the National Association of Attorneys General (NAAG) for training and future enforcement purposes. Under the related MDL Settlements, Bosch will also pay approximately \$27.5 million to consumers who purchased or leased the affected Fiat Chrysler vehicles. Bosch earlier paid more than \$275 million to consumers who purchased or leased the affected Volkswagen vehicles.

These matters were handled for Delaware by state Department of Justice Director of Consumer Protection Christian Douglas Wright and Deputy Attorney General Valerie Edge.